

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

Point of Contact:	Jack R. Franklin	RSSD: (For Bank Holding Companies)	221476
UST Sequence Number:	794	Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	7,350,000	FDIC Certificate Number: (For Depository Institutions)	29786
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 20, 2009	City:	Paris
Date Repaid ¹ :	n/a	State:	Illinois

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

As a direct result of the CPP program, we were able to continue to service the growing needs of our customer base as was reflected in the year over year 2009 5% increase and the 3% increase year over year 2010.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The major categories of lending that was supported by the CPP capital continues to be residential and commercial mortgage loans.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

☒ **Increase securities purchased (ABS, MBS, etc.).**

As in 2009, we were able to continue to increase our levels of securities as a percentage of total assets which served to strengthen our liquidity position during an extended period of uncertain economic times.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

Reserves were increased as a percentage of total loans while appropriate levels of charge offs were taken.

☒ **Reduce borrowings.**

As a result of the economic crisis a large nationwide bank informed us that they were no longer in the business of funding lines of credit at small bank holding companies such as ours, so the funding also served to replace a line of credit at the holding company level previously funded by this bank.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

☒ **Increase charge-offs.**

The CPP supported our ability to recognize and charge off historically high levels of troubled assets with minimal effects to our capital levels during the height of the financial crisis.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As a result of the CPP funds, we were able to avoid the prospect of raising capital at a time that would have been difficult and expensive to accomplish which could have placed an additional burden on the institution in a very difficult economic environment. The funds also served as a cash buffer at the holding company level as traditional bank to bank lending activity diminished and profitability levels decreased. Also as a result of the capital infusion, we did not have to reduce or suspend lending activities at a time when our customers needed funding the most. We were able to withstand the effect of record level charge-offs as we dealt with our non-performing loans throughout the most difficult period of the financial crisis.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to complete the construction and opening of an additional branch that was needed to better serve our customers in our fastest growing market. As reference earlier, it provided us with the ability to continue to lend to our customer base while at the same time deal with credits that became distressed as a result of the depressed economic conditions.

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First BancTrust Corporation/First Bank & Trust, s.b.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

We were able to establish a "pool" of funds to offer to customers with unconventional, but realistic mortgage needs.